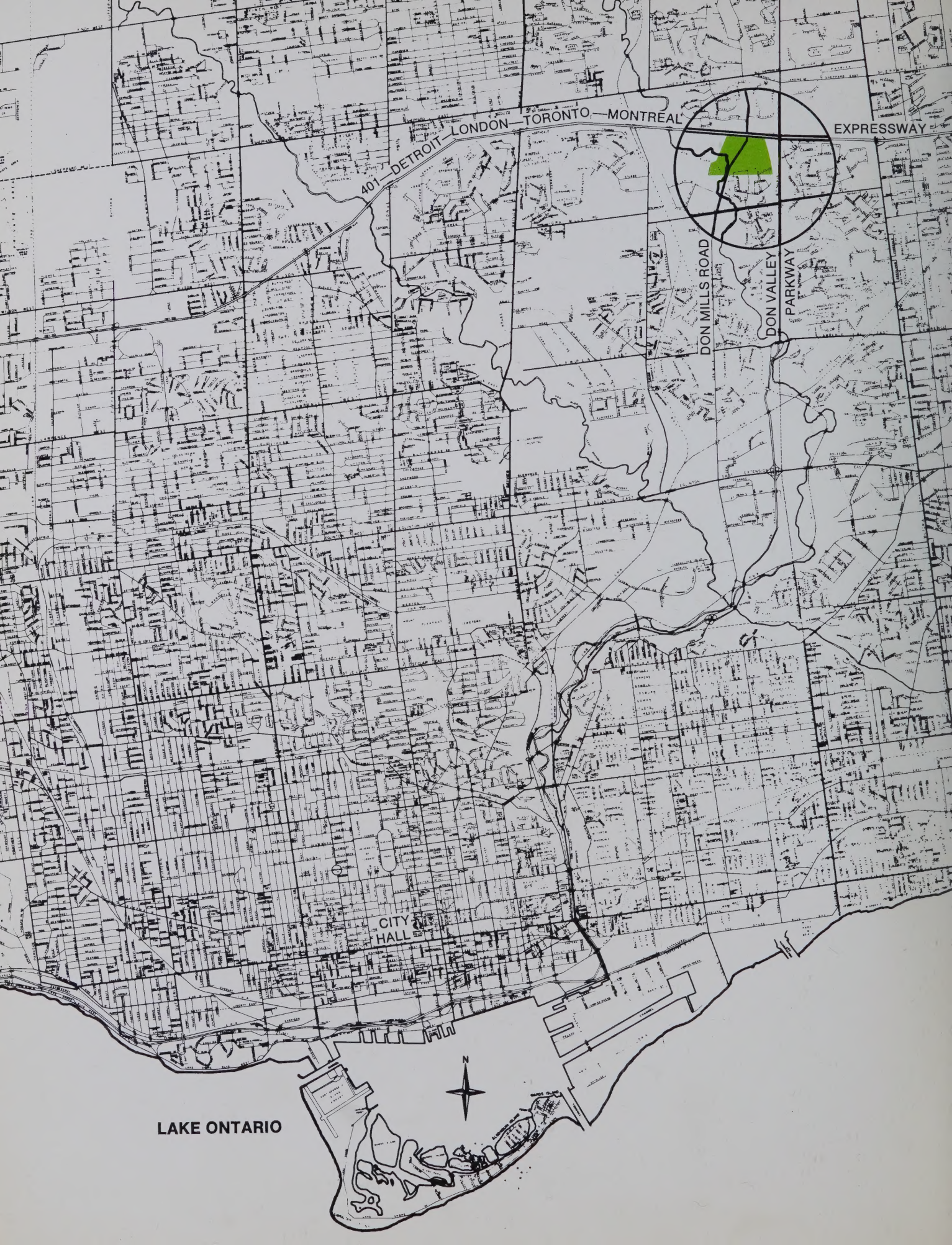


Canadian Goldale Corporation Limited
ANNUAL REPORT
FOR THE YEAR ENDING DECEMBER 31 **1966**

Graydon Hall





401—DETROIT—LONDON—TORONTO—MONTREAL

EXPRESSWAY

DON MILLS ROAD

DON VALLEY

PARKWAY

CITY HALL

LAKE ONTARIO

Canadian Goldale Corporation Limited
ANNUAL REPORT
FOR THE YEAR ENDING DECEMBER 31 **1966**



OFFICERS K. A. ROBERTS
President and General Manager

C. F. WATSON
Vice-President

P. C. FINLAY, Q.C.
Secretary-Treasurer

DIRECTORS K. A. ROBERTS, Toronto
C. F. WATSON, Brampton
P. C. FINLAY, Q.C., Toronto
W. H. GILLELAND, Toronto
*E. J. HENWOOD, Toronto

SOLICITORS

HOLDEN, MURDOCH, WALTON, FINLAY, ROBINSON, PEPALL & HARVEY
2402 Bank of Nova Scotia Building
Toronto, Ontario

AUDITORS

EDDIS AND ASSOCIATES
Toronto, Ontario

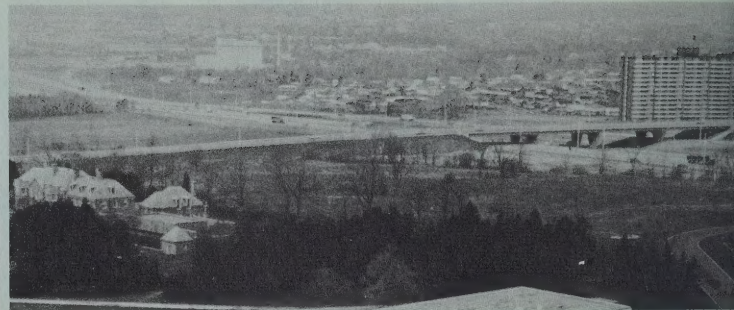
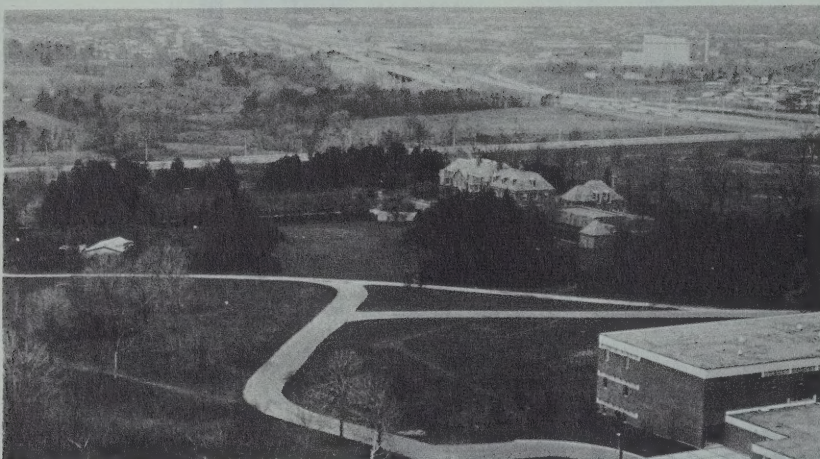
REGISTRAR AND TRANSFER AGENT

EASTERN & CHARTERED TRUST COMPANY
Toronto, Ontario

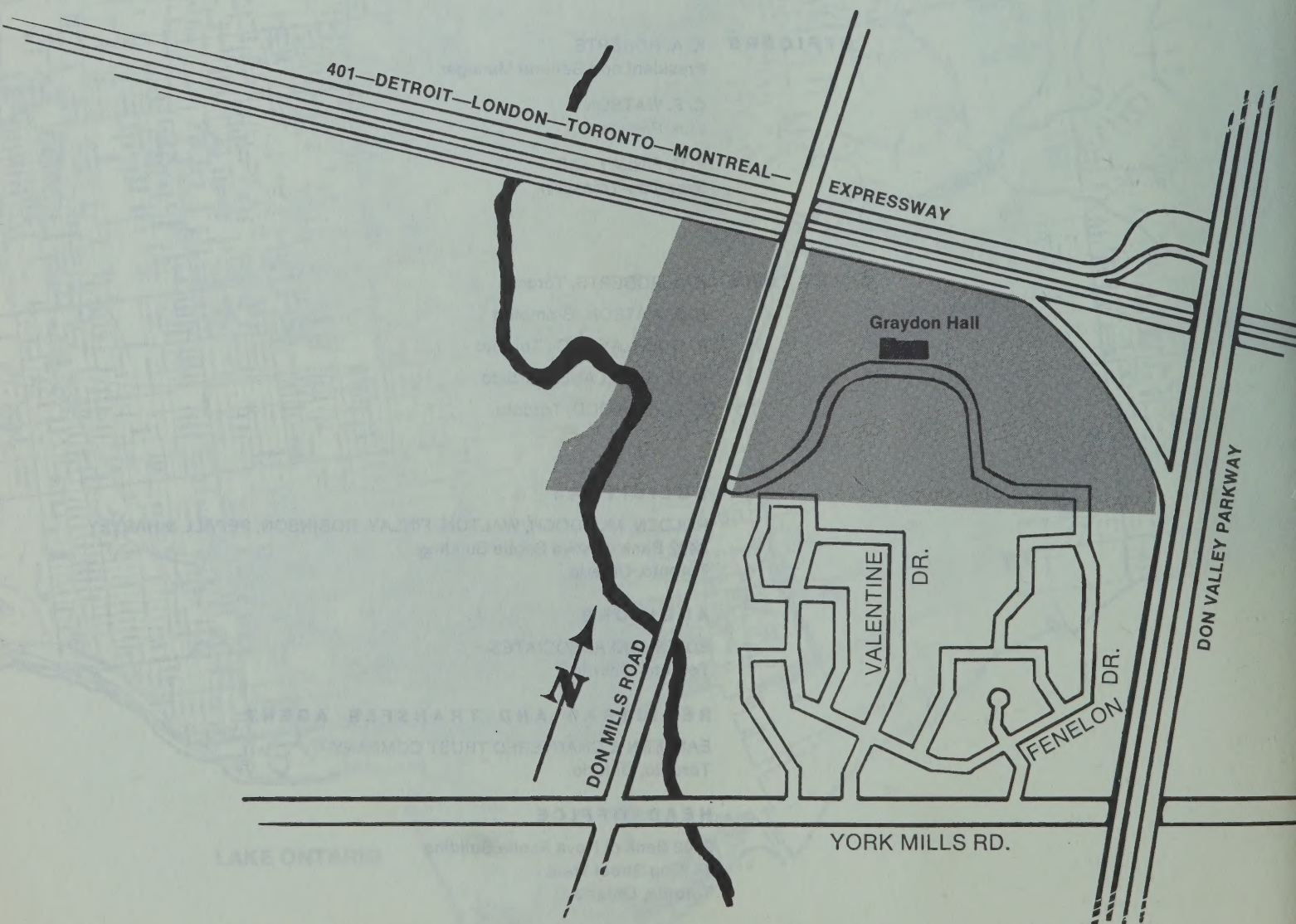
HEAD OFFICE

2402 Bank of Nova Scotia Building
44 King Street West
Toronto, Ontario

*A. H. Honsberger now a director in the place and stead of E. J. Henwood.



GRAYDON HALL PROPERTY LOCATION



DIRECTORS' REPORT TO THE SHAREHOLDERS:

Your Directors submit herewith the Consolidated Financial Statements of your Company and its subsidiary, Goldale Acceptance Limited, as at December 31, 1966, consisting of the Consolidated Balance Sheet as at December 31, 1966, and accompanying Consolidated Statements of Deficit and Profit and Loss for the year ended on that date.

Goldale Acceptance Limited, a wholly owned subsidiary of Canadian Goldale Corporation Limited, paid the parent company \$26,520.00 in interest on advances made by the parent company and increased the reserves held for doubtful receivables by \$51,156.00. After providing for the above reserves, it showed a profit of \$3,884.00. This was our first full year of operation and the results have been quite gratifying.

In the Consolidated Statement of Profit and Loss, you will note the net profit was increased from \$10,579.00 in 1965, to \$43,770.00 in 1966, equivalent to 13 cents per share.

In the Consolidated Statement of Deficit you will note that the profit realized on the sale of investments in 1966, was \$879,514.00 compared to a profit on sale of investments in 1965, of \$199,918.00. However, due to circumstances beyond our control, the fall in value of shares of O'Brien Gold Mines Limited, necessitated a reserve for estimated loss on O'Brien shares of \$353,143.00 (see Note 2 to Financial Statements), which reduced our book value of O'Brien shares to 50 cents per share. After providing this reserve for loss on O'Brien shares, the profit remaining from the sale of investments in 1966, was \$526,371.00. In April of 1967, we disposed of 360,000 shares of O'Brien Gold Mines Limited at a value of \$180,000.00, and gave an option for one year on an additional 100,000 shares at 55 cents per share.

Your Company has acquired 42% of the issued and outstanding shares of Normco Limited. This company owns one of the most desirable pieces of property in Metropolitan Toronto. This prestige apartment land, zoned for 1,384 suites, is bounded on the North by the McDonald-Cartier Freeway, on

the East by the Don Valley Parkway (an Expressway requiring about 10 minutes of driving to Downtown Toronto), and the Westerly part of the property is bisected by Don Mills Road. The focal point of this property is Graydon Hall, an elegant manor, pictures of which are shown in this Report, built in the late thirties, with formal gardens and costly and elaborate landscaping, at a reputed cost far in excess of a million dollars. This manor and grounds will provide the nucleus of club and recreational facilities for the apartment complex which is now about ready for commencing construction. The first four towers, each containing 299 suites, will be 20 stories high. Architectural, structural and mechanical drawing and specifications have been completed for these four buildings. Present plans on the fifth building, which have not been finalized, call for a 30-storey tower containing 188 suites which will dominate the Toronto sky-line, since the Normco property is the highest point of land in Metro Toronto.

Your Company owns a 26% interest in Shoppers Bowling Lanes Limited, at a cost of \$15,600.00. This Company had a profit before depreciation in 1966, of \$55,804.00 (in 1965, of \$56,190.00). Depreciation and amortization of leasehold improvements in 1966, was \$45,386.00, leaving a Net Profit of \$10,418.00 (in 1965, the corresponding figures \$45,373.00, and \$10,817.00).

At the time of commencing business in the Fall of 1962, the leasehold improvements and fixed assets of Shoppers Bowling Lanes Limited cost \$508,107.00. Since that time, this Company's debt has been reduced from earnings by \$267,499.00. Large interest payments were met during this period. Pin-setting Machinery (balance \$162,830.00 in December, 1966) is paid out on a long term contract. Other major debts should be retired by the end of 1968.

Although a number of mining exploration programs were studied in 1966, none were undertaken. Your original Tisdale Township property in Timmins, Ontario, acquired in 1919, has been carried on the balance sheet at \$275,096.00. Your Directors wrote down the value of these patented claims to \$50,000.00, as shown on the current Balance Sheet. Your Company is continually examining properties and it is the intention of the Company to keep active in mining exploration with a view to further acquisitions and investments therein.

Your Company holds a number of important investments, and at the same time is in a very strong cash position. During 1967, your Directors are taking an aggressive attitude for expansion and corporate growth. A number of important projects are at present under analysis and negotiation, which, if successfully completed, could have a substantial bearing on the future growth of your Company. You will be notified as developments occur.

Toronto, Ontario
May 12, 1967

On behalf of the Board,
K. A. ROBERTS,
President.

CANADIAN GOLDALE CORPORATION LIMITED

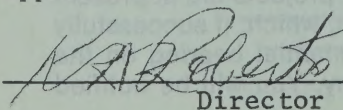
AND ITS SUBSIDIARY COMPANY

CONSOLIDATED BALANCE SHEET

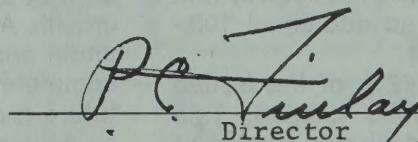
AS AT DECEMBER 31, 1966

<u>A S S E T S</u>		<u>1966</u>	<u>1965</u>	
<u>Cash, Notes and Accounts Receivable</u>				<u>Demand Loans and</u>
Cash		108,967	61,990	Bank loan and ov
Notes receivable				Due to brokers -
Commercial instalment loans	1,364,964		1,101,611	Loans payable -
Other commercial obligations	20,101		15,450	Other loans paya
Re-possession	-		11,126	Accounts payable
	1,385,065			Estimated income
Less allowance for				
doubtful receivables	68,753	1,316,312	(25,134)	
Accounts receivable		3,176	2,451	Unearned service
		1,428,455	1,167,494	
<u>Investment in Shares of Other Companies -</u>				<u>Capital and Defici</u>
Listed, at cost (Quoted market value				Capital Stock
1966 - \$1,009,618, 1965 - \$2,120,022)		980,037	1,211,870	Authorized
Unlisted or escrowed, at cost less				1,000,000 sh
allowance for estimated loss on				
realization of \$353,143 (1966)		293,457	59,940	
		1,273,494	1,271,810	Issued and ful
				335,680 sh
<u>Mining Properties</u>				
Patented mining claims -				
Tisdale Township, Ontario, at cost				
less write-down of \$225,096 (1966)		50,000	275,096	Deficit
Mining claims -				
Murphy Township, Ontario, at cost		5,006	5,006	
Broken lot 5, Concession 1 -				
Hindon Township, Ontario - nominal value		1	1	
		55,007	280,103	
<u>Other</u>				
Office furniture, at cost less				
accumulated depreciation \$908 (1966),				
\$504 (1965)		1,613	2,017	
Sundry accounts receivable		3,850	3,650	
		5,463	5,667	
		\$2,762,419	\$2,725,074	

Approved on behalf of the Board,



Director



Director
The accompanying
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in conjunction t

LIABILITIES

	<u>1966</u>	<u>1965</u>
Accounts Payable		
Credit - secured	606,014	720,000
Unsecured	23,836	292,525
Escrowed	24,000	
85,000		30,352
Accrued charges	15,676	14,209
Taxes payable	<u>10,576</u>	<u>6,735</u>
	<u>765,102</u>	<u>1,063,821</u>
Prepaid		
Deposits	<u>134,024</u>	<u>143,005</u>
Share of no par		
Share - consideration		
To exceed	<u>\$8,000,000</u>	
Paid		
For	2,078,726	2,078,726
	<u>215,433</u>	<u>560,478</u>
	<u>1,863,293</u>	<u>1,518,248</u>
	<u>\$2,762,419</u>	<u>\$2,725,074</u>

These are an integral part of the consolidated financial statements and should be read in conjunction with the same.

CANADIAN GOLDALE CORPORATION LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 1966

1. The consolidated financial statements include the accounts of Goldale Acceptance Limited, a wholly-owned subsidiary company, from the date of its inception March 8, 1965 to December 31, 1966.
2. Included under Investment in Shares of Other Companies — Unlisted or Escrowed at December 31, 1966 are 467,033 shares of O'Brien Gold Mines Limited at a cost of \$586,660 less allowance for estimated loss on realization of \$353,143.
3. In January, 1967 the company sold listed investments which had been carried on the books at a cost of \$68,336 for \$298,100.
4. No provision has been made for income taxes, if any, which may arise in connection with amounts realized from transactions in investments held by the company, since it is impracticable to estimate the amount, if any, of such taxes.

CONSOLIDATED STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1966

	<u>1966</u>	<u>1965</u>
Balance at beginning of year	560,478	750,529
Add:		
Write-down of mining claims in Tisdale Township, Ontario	225,096	
Mining claims in Quebec and Ontario abandoned		7,221
Additional income taxes assessed on prior years' income		7,699
Cost of Supplementary Letters Patent		4,195
Incorporation costs of subsidiary company	<u> </u>	<u>1,331</u>
	<u>785,574</u>	<u>770,975</u>
Deduct:		
Net profit for the year	43,770	10,579
Profit on sale of investments	879,514	199,918
Less: Provision for estimated loss on realization of investments held at end of year	<u>353,143</u>	<u> </u>
	<u>570,141</u>	<u>210,497</u>
Balance at end of year	<u><u>\$215,433</u></u>	<u><u>\$560,478</u></u>

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1966

	<u>1966</u>	<u>1965</u>
<u>Revenue</u>		
Earned service charges and interest on receivables	157,431	62,806
Investment income	<u>43,722</u>	<u>39,443</u>
	<u>201,153</u>	<u>102,249</u>
<u>Expenses</u>		
Cost of borrowed money	50,826	15,557
Provision for losses on receivables	51,156	27,870
General and administrative expenses	<u>49,292</u>	<u>45,976</u>
	<u>151,274</u>	<u>89,403</u>
Profit before income taxes	49,879	12,846
Estimated income taxes	<u>6,109</u>	<u>2,267</u>
Net profit for the year	<u><u>\$43,770</u></u>	<u><u>\$10,579</u></u>

EDDIS & ASSOCIATES

CHARTERED ACCOUNTANTS

TELEPHONE 363-3235

D. A. AMPLEFORD, F.C.A.
R. W. GREENE, C.A.
H. M. HARRIS, C.A.
P. W. STUBBS, C.A.

A. S. LEVITT, F.C.A.
H. C. ROGERS, F.C.A.
R. M. MIX, C.A.
J. S. SCOTT, C.A.

J. F. BROADHEAD, F.C.A.
R. C. MORTON, C.A.
D. M. SNELL, C.A.
R. J. LEINSTER, C.A.

SUITE 515
85 RICHMOND ST. WEST
TORONTO 1, CANADA

AUDITORS' REPORT

To the Shareholders,
Canadian Goldale Corporation Limited.

We have examined the consolidated balance sheet of Canadian Goldale Corporation Limited and its subsidiary company as at December 31, 1966 and the consolidated statements of deficit and profit and loss for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the attached consolidated balance sheet and accompanying consolidated statements of deficit and profit and loss present fairly the financial position of the companies as at December 31, 1966 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Eddis & Associates.

Toronto, Canada,
March 2, 1967.

CHARTERED ACCOUNTANTS.



Graydon Hall



Graydon Hall Garden

